

ISSUE SUMMARY/DESCRIPTION:

Augusta Resource (Arizona) Corporation, a mining company based in Canada, would like to store excess CAP water at the Pima Mine Road Recharge Project in Tucson. Augusta has purchased the Rosemont Ranch and its associated mineral claims, which is located in the Santa Rita Mountains. Augusta plans to develop the property as a copper mine.

Augusta desires to store 50,000 to 70,000 acre-feet of excess CAP water at the Pima Mine Road Recharge Project ("PMRRP") over the next 5-7 years, commencing in 2007. Augusta realizes the uncertainties of available excess water and storage capacity at the PMRRP. Augusta desires to begin building up an account of long-term storage credits that could be used to replace or offset any groundwater pumped by the mine from the Tucson AMA.

The Arizona Water Banking Authority ("AWBA") has been consulted regarding Augusta's request to store at the PMRRP. The AWBA has indicated there will be adequate storage capacity available to meet its needs in the Tucson AMA, even if no capacity were available at the PMRRP. (PMRRP storage capacity is 20,000-25,000 acre-feet per year. CAWCD and the City of Tucson each own a 50% share of the PMRRP. The entities currently storing at the PMRRP are: Green Valley, in the amount of about 500 acre-feet per year, the CAGR, in the amount of about 1,000-2,000 acre-feet per year, and the City of Tucson, in the amount of about 1,000 acre-feet per year.)

The Agreement for Storage of Water at the Pima Mine Road Recharge Project ("Agreement") is attached. The Agreement includes CAWCD's standard requirements pertaining to scheduling storage capacity, water measurement and accounting, billing and payment. Augusta will pay the Annual Recharge Rate for storage in any particular year, which rate will be set in accordance with CAWCD's Recharge Rate Policy. The term of the Agreement is 5 years from the date of execution.

SUGGESTED MOTION:

I move that the Board approve the Agreement for Water Storage at the Pima Mine Road Recharge Project between CAWCD and Augusta.